UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

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UNITED STATES OF AMERICA,

Plaintiff,

v.

AMR MOHSEN and ALY MOHSEN,

Defendants.

CASE NO. CR. 03-0095 WBS

ORDER RE: DEFENDANT'S MOTION TO DISMISS COUNTS 11-19 (DOUBLE JEOPARDY)

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Defendant Amr Mohsen ("defendant") moves to dismiss Counts Eleven through Eighteen of the Superseding Indictment, charging him with mail fraud in violation of 18 U.S.C. § 1343, and Count Nineteen, charging him with obstruction of justice in violation of 18 U.S.C. § 1503, upon the ground that the prosecution on those charges is barred by the double jeopardy clause of the Fifth Amendment.

I. Factual and Procedural Background

The following is taken from Aptix v. QuickTurn, No. 98-00762, 2000 WL 852813 (N.D. Cal. June 14, 2000) and Aptix v.

QuickTurn, 269 F.3d 1369 (Fed. Cir. 2001), except where otherwise indicated by citation. On September 20, 1989, Aptix Corporation (hereinafter "Aptix") filed patent number 5,544,069 (hereinafter "'069 patent"). The '069 patent was issued by the United States Patent and Trademark Office on August 6, 1996.

On February 26, 1998, Aptix sued QuickTurn Design Systems (hereinafter "QuickTurn") for infringement of its '069 patent. The Civil Local Rules of the Northern District required Aptix to disclose the claims it would assert and the corresponding dates on which those claims were invented. Aptix disclosed that it would assert four claims (4, 5, 7, and 8) on April 13, 1998, but stated that it was unable to provide the dates of conception because the inventor (defendant) was out of the country. Included in the initial disclosures were seventeen pages from the "1989 Notebook", and these pages contained information about the process of invention.

Between April and December of 1988, defendant and his brother Aly Mohsen allegedly engaged in a series of actions that are the basis for the charges at issue in this motion. Defendant claimed that he had found another engineering notebook that was allegedly started in 1988 and that contained evidence of an earliest date of conception. On May 4, 1998, based on the 1988 notebook, Aptix's lawyer served a disclosure that listed the date of conception for all the claims as July 31, 1988 (approximately one year earlier than the filing date of the patent). On June 4, 1998, defendant brought the 1988 and 1989 notebooks to his deposition as evidence of his research and development that led to the '069 patent. Aptix only provided QuickTurn with copies of

these notebooks. Quickturn moved for production of the originals of the notebooks on November 24, 1998. Shortly thereafter, defendant reported that the original notebooks had been stolen from his car.

Defendant took the stand at this hearing but asserted his Fifth Amendment right and did not answer any questions. Following that hearing, Judge Alsup found that "Amr Mohsen, the founder, chairman, chief executive officer, and lead inventor of Aptix Corporation, fabricated the entire 1988 Notebook, numerous entries in the 1989 Notebook, the three corroborative entries in his Daytime and the rest of the post-theft 'corroboration' – all in an effort to defraud defendant and this Court." Aptix v. QuickTurn, 2000 WL 852813 at *23.

On June 14, 2000, Judge Alsup dismissed Aptix's complaint on the basis of Aptix's unclean hands in falsifying information in the notebooks, found the case to be exceptional as a result of Aptix's fraudulent actions such that Aptix was required to pay attorney's fees and costs, and further found the patent to be unenforceable. The Federal Circuit upheld dismissal of the suit and the award of fees and costs in November 2001, but vacated the finding of unenforceability of the patent. In its ruling, the court held that " [t]he doctrine of unclean hands does not reach out to extinguish a property right based on misconduct during the litigation to enforce that right." Finally, the court found that when defendant asserted a "security interest" in Aptix's assets, it was an attempt to make a fraudulent transfer (presumably to protect the assets from the judgment), and QuickTurn was thus still able to levy on Aptix's

bank accounts in an attempt to satisfy a portion of the judgment it obtained.[1]

II. Discussion

There are at least three fundamental reasons why Counts Eleven through Nineteen are not barred by the Double Jeopardy Clause.

A. No Criminal Punishment

The Double Jeopardy Clause "protects only against the imposition of multiple criminal punishments for the same offense." Hudson v. United States, 522 U.S. 93, 98 (1997) (citations omitted). The punishment which defendant claims to have been criminal - i.e., dismissal of Aptix's lawsuit, award of attorneys' fees, and Judge Alsup's invalidation of defendant's security interest in Aptix's assets - was in fact civil.

In Hudson, the Supreme Court listed seven factors to consider in determining whether the "clearest proof" has established that penalties are criminal, rather than civil. In applying these factors, a court should look to whether: (1) the sanction involves affirmative disability or restraint, such as imprisonment, (2) it has historically been regarding as punishment, (3) scienter, or knowledge, is required for the sanction, (4) its operation will promote the traditional aims of punishment, namely retribution and deterrence, (5) the behavior

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[1] The government notes that defendant's claim of a security interest in Aptix's assets occurred after terminating sanctions were awarded and was voided by Judge Alsup. (USA's Opp'n to Mot. to Dismiss for Double Jeopardy 10.) It is unclear how Judge Alsup's finding that defendant had no security interest in Aptix's assets amounts to a criminal charge of mail fraud or obstruction of justice.

to which it applies is already a crime, (6) it has a rational alternative purpose, and (7) the sanction appears excessive in relation to the alternative purpose. Hudson, 522 U.S. 93, 99-100, 104 (1997).

The majority of the factors counsel against the court finding that the "clearest proof" has demonstrated that the finding of unclean hands was a criminal penalty levied against defendant, as discussed below.

First, the dismiss the civil lawsuit and the requirement of paying attorneys' fees did not involve affirmative disability or restraint, such as the "infamous punishment of imprisonment." Second, these civil and equitable remedies have not historically been regarded as punishment. Repub. Molding Corp. v. B. W. Photo Util., 319 F.2d 347, 349 (1963)("The concept [of unclean hands] invoking the denial of relief is not intended to serve as punishment for extraneous transgressions . . . "). Thus, the first two factors counsel in favor of finding the remedies to be civil in nature.

Third, arguably, finding that a defendant has unclean hands requires knowledge, or scienter, so this factor cuts against a determination that the sanction was civil. Fourth, the award of attorneys fees was for the primary purpose of compensating opposing counsel rather than to promote the traditional aims of punishment - retribution and deterrence. See Repub. Molding Corp. v. B. W. Photo Util., 319 F.2d 347, 349 (1963). Thus, this factor counsels in favor of a determination that the sanctions were civil in nature.

Fifth, because perjury and obstruction of justice are

also crimes, this factor weighs in favor of determining that the sanctions are criminal. Sixth, the civil sanctions imposed had a more compelling alternative purpose. "What does seem clear is that misconduct in the abstract . . . does not constitute unclean hands. The concept invoking the denial of relief is not intended to serve as punishment for extraneous transgressions, but instead is based upon 'considerations that make for the advancement of right and justice.'" Repub. Molding Corp. v. B. W. Photo Util., 319 F.2d 347, 349 (1963)(quoting Keystone Driller Co. v. Gen. Excavator Co., 290 U.S. 240, 245, (1933)).

Finally, dismissal of the civil lawsuit for equitable considerations was not excessive to meet its aim; rather, it was an appropriate way for the court to ensure "that equity will not lend its aid to enable a party to reap the benefit of its misconduct." Keystone, 290 U.S. at 245.[2] A court's attempt to strike an equitable balance and render a just outcome does not translate into a punishment upon a defendant who was not even a party to the suit.

In sum, five factors suggest that the sanction at issue is civil, and only two weigh in favor of the sanction being considered criminal. Thus, balancing the factors delineated in Hudson demonstrates that defendant failed to show the "clearest proof" that dismissal of Aptix's lawsuit amounted to a criminal punishment, and that, by extension, the current charges violate

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[2] The defendant notes that in Keystone, the court dismissed a patent case without prejudice, and here, the court dismissed Aptix's complaint with prejudice. (Def.'s Reply 2.) However, the court's explanation in Keystone of the doctrine of unclean hands is still instructive.

the Double Jeopardy Clause.

B. Not the Same Offense

The charges in Counts Eleven through Nineteen of the Superseding Indictment are not the same as any offenses for which defendant was previously punished. The Double Jeopardy Clause in the Fifth Amendment to the United States Constitution provides that, "No person shall . . . be subject for the same offence to be twice put in jeopardy of life or limb." A defendant is not impermissibly punished for the "same offense" twice if each offense contains at least one element that is not contained in the other. United States v. Dixon, 509 U.S. 688, 696 (1993); Blockburger v. United States, 284 U.S. 299 (1932). Additionally, it is not sufficient to establish a double jeopardy violation that the same conduct was the basis for the offenses – the offenses charged must be the same in order to establish a double jeopardy violation. Id. at 704.

Preliminarily, Judge Alsup's evidentiary finding relating to the falsification of information in "an effort to defraud the defendant and [the c]ourt" in Aptix v. Quickturn, 2000 WL 852813 at *23, hardly equates to a criminal conviction for fraud. Even if it did, the elements of the court's finding of "unclean hands" are not the same as the elements of any of the charges in Counts Eleven through Nineteen of the Superseding Indictment in this case. This court is hard-pressed to denote the "elements" of the doctrine of unclean hands, but the government suggests these two: "(1) an unconscionable act; (2) in relation to a matter in litigation," and the defense appears to find them acceptable. (USA's Opp'n to Def.'s Mot. to Dismiss for

Double Jeopardy 2.) At least one "element" of the doctrine of unclean hands, unconscionability, is not an element of mail fraud or obstruction of justice. See 18 U.S.C. § 1341; 18 U.S.C. §§ 1503. Further, mail fraud need not occur "in relation to a matter in litigation." Conversely, at least one element of mail fraud (use of the mails) and at least one element of obstruction of justice (corruption) is not an "element" of a finding of unclean hands.

**C.** The United States Not a Party

When the United States is not a party to the first action, the action cannot be subject to the Constitutional protection against double jeopardy in a subsequent prosecution brought by the United States. United States v. Ely, 142 F.3d 1113, 1121 (9th Cir. 1997) (citing United States v. Heffner, 85 F.3d 435, 439 (9th Cir. 1996)). Even if the court were to find that defendant was a party in the civil patent litigation, because the government was not a party to that litigation, the Double Jeopardy Clause cannot now be invoked against the government for the charges currently pending before the court. Ely, 142 F.3d at 1121 (finding that even when the FDIC, a federal agency acting as a receiver for a private party, sought punitive damages against the defendant, the defendant could not later allege double jeopardy based on that action).

In United States v. Dixon, 509 U.S. 688 (1993), the Court applied double jeopardy protection to bar a subsequent prosecution where the first prosecution was for criminal contempt. The holding in that case, however, does not affect the rule that the United States must be a party to both prosecutions

in order for double jeopardy to apply. The Court in Dixon emphasized that the first prosecution was for nonsummary criminal contempt, which does constitute a crime against the United States under 18 U.S.C. § 402 (See Steinert v. United States District Court, 543 F.2d 69 (9th Cir. 1976)), and the United States was a party to the underlying action in which the contempt was adjudicated.

IT IS THEREFORE ORDERED THAT defendants' motion to dismiss Counts Eleven through Nineteen for violation of the Double Jeopardy Clause of the Fifth Amendment be, and the same hereby is, DENIED.

DATED: December 21, 2005

WILLIAM B. SHUBB
UNITED STATES DISTRICT JUDGE